

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 PM-07 NSC-10

SPC-03 SS-20 RSC-01 SCEM-02 EB-11 STR-08 INT-08

COME-00 TRSE-00 OMB-01 CIEP-02 CEA-02 L-03 H-03

CIAE-00 INR-10 NSAE-00 DODE-00 PRS-01 NEA-10 AF-10

DRC-01 EURE-00 /139 W

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FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC IMMEDIATE 2337

USMISSION OECD PARIS IMMEDIATE

S E C R E T THE HAGUE 4938

FOR UNDER SECRETARY CASEY

E.O. 11652 GDS

TAGS: ENRG, NL

SUBJECT: DUTCH OIL SUPPLY REQUIREMENTS

REF: (1) BARBIS/BLODGETT TELECON NOV 7;

(2) EC BRUSSELS 6317

1. TO SUPPLEMENT SECOND REFTEL, FOLLOWING INFORMATION ON DUTCH OIL REQUIREMENTS OVER NEXT SIX MONTHS WAS GLEANED FROM SECDEF DISCUSSIONS WITH DUTCH MINISTERS AND FROM GON AND INDUSTRY SOURCES.

2. BY WAY OF BACKGROUND IT SHOULD BE UNDERSTOOD THAT DUTCH HAVE TWO BASIC DESIDERATA IN PRESENT SITUATION:

A. TO KEEP ROTTERDAM FUNCTIONING AS MAIN OIL TRANSHIPMENT POINT IN EUROPE

B. TO KEEP SIX REFINERIES IN HOLLAND (100 MILLION TON YEAR

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CAPACITY) OPERATING AT REASONABLE LEVELS TO PRODUCE PRODUCTS

FOR (1) DUTCH MARKET AND (2) NEARBY TRADITIONAL CUSTOMERS, PRINCIPALLY FRG, BELGIM AND SCANDINAVIA. THEY RECOGNIZE THAT IF BOYCOTT CONTINUES SOME TRANSIT OIL WILL HAVE TO FIND OTHER GATEWAYS WITH POSSIBLE PERMANENT DAMAGE TO ROTTERDAM'S FUTURE. SHARP REDUCTION OF THROUGHPUT FOR DUTCH REFINERIES (SHELL, ESSO, CHEVRON, BP, GULF AND MOBIL), HOWEVER, WOULD SERIOUSLY DISTURB ESSENTIAL SUPPLY OF REFINED PRODUCTS, INCLUDING PETROCHEMICAL FEEDSTOCKS, TO DUTCH AND NEIGHBORING ECONOMIES. AS REPORTED SECOND REFTEL 65.7 PERCENT OF 1973 PROJECTED IMPORTS FOR REFINING HERE COMES FROM BOYCOTTING SOURCE COUNTRIES; REMAINDER LARGELY FROM IRAN AND NIGERIA.

3. TRANSIT CRUDE (NOT COVERED IN SECOND REFTEL) AMOUNTED TO ABOUT 60 MILLION MT IN 1972. WE EXPECT TO GET 1973 PROJECTION FROM MINECON THIS AFTERNOON AND WILL REPORT THIS AND ANY AVAILABLE FORWARD COMMITMENT DATA UPON RECEIPT. WHILE THIS TRAFFIC IS IMPORTANT TO PORT OF ROTTERDAM, IT IS OF NO INTEREST TO DUTCH REFINERIES AND OF MINOR SIGNIFICANCE TO DUTCH ECONOMY AS A WHOLE. WHILE DUTCH WOULD HOPE THAT OIL COMPANIES WILL TEST OAPEC DETERMINATION TO BOYCOTT MOVEMENT OF TRANSIT CRUDE THROUGH NETHS TO OTHER DESTINATIONS THEY ARE, AS INDICATED ABOVE, PHILOSOPHICAL ABOUT SUBSTANTIAL DIVERSION OF THIS TRAFFIC TO OTHER GATEWAYS AS LONG AS BOYCOTT LASTS.

4. FAR MORE IMPORTANT IS 83 MILLION TONS OF IMPORTS FOR REFINING HERE. OF RESULTING REFINED PRODUCT ABOUT HALF IS FOR DOMESTIC INDUSTRIAL AND HOUSEHOLD CONSUMPTION, INCLUDING ABOUT 12 MILLION FOR BUNKERS, AND A BALANCE IS FOR EXPORT TO OTHER EC COUNTRIES AND SCANDINAVIA. WE ARE INFORMED ON HIGHLY CONFIDENTIAL BASIS THAT STOCKS OF CRUDE AND PRODUCT IN NETHS AS OF THIS DATE TO MEET THESE DOMESTIC AND EXPORT COMMITMENTS TOTAL BETWEEN 100 AND 110 DAYS AT PRESENT OFFTAKE LEVELS. CONSUMPTION RESTRAINTS NOW IN FORCE OR IMPENDING IN FRG, BELGIUM AND NETHERLANDS COULD STRETCH THIS BY PERHAPS 15 DAYS. GON IS TRYING TO ASCERTAIN FROM COMPANIES HOW MUCH CRUDE FOR DOMESTIC REFINERIES IS ENROUTE FROM BOYCOTTING COUNTRIES BUT HAVE RECEIVED RATHER EVASIVE ANSWERS THUS FAR, ESPECIALLY FROM AMERICAN FIRMS, WE SUGGEST DEPT ATTEMPT TO OBTAIN THESE DATA FROM US HEAD OFFICES.

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5. ASSUMING (1) FULL ENFORCEMENT OF OAPEC BOYCOTT, (2) CONTINUED NORMAL DELIVERIES FROM NON-BOYCOTTING SOURCE COUNTRIES, AND (3) CONTINUED CONSUMPTION RESTRAINTS IN THIS PART OF EUROPE ALONG PRESENT PATTERN, IT WOULD APPEAR THAT DUTCH WILL BE FORCED TO START DISHONORING COMMITMENTS OF REFINED PRODUCT TO NEIGHBORING COUNTRIES BY MID-MARCH. WHETHER COMPANIES, WITHOUT GOVERNMENTAL DISCIPLINE, WILL CONTINUE TO ROUTE IRANIAN AND NIGERIAN CRUDE TO DUTCH REFINERIES TO MEET DUTCH DOMESTIC

CONSUMPTION IS AN OPEN QUESTION.

6. DUTCH HAVE NOT ASKED IN SPECIFIC TERMS FOR US ASSISTANCE IN MEETING THIS IMPENDING PROBLEM, BUT BY SIMPLE MATHEMATICS THEY WILL NEED STARTING IN MARCH 1974 AT LEAST 3 MILLION TONS OF CRUDE MONTHLY, OVER AND ABOVE 2.3 MILLION TONS MONTHLY FROM NON-BOYCOTTING SOURCES, TO MEET MINIMUM LEVEL OF DEMAND FROM DUTCH AND TRADITIONAL NEARBY MARKETS. WHILE TRADITIONAL CUSTOMERS MIGHT BE SERVED BY COMPANIES TO SOME DEGREE FROM REFINERIES OUTSIDE HOLLAND, THIS IS AT BEST ONLY PARTIAL SOLUTION.

7. AS STATED ABOVE WE HOPE TO HAVE MORE FACTS BY MONDAY BUT DO NOT FORESEE THAT THEY WILL MATERIALLY ALTER ABOVE PICTURE.

8. SUGGEST DEPT DISTRIBUTE TO OTHER POSTS IN ITS DISCRETION.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM PRODUCTS, SUPPLIES, ECONOMIC CONDITIONS, EMBARGOES
Control Number: n/a
Copy: SINGLE
Draft Date: 09 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973THEHA04938
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731143/aaaabfey.tel
Line Count: 132
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: (1) BARBIS/BLODGETT TELECON NOV 7;
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 22 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22-Aug-2001 by izenbei0>; APPROVED <20-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DUTCH OIL SUPPLY REQUIREMENTS
TAGS: ENRG, NL
To: STATE OECD PARIS
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005